

AL TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Tajamouat for Touristic Projects Company Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Tajamouat for Touristic Projects Company "The Company" and its subsidiary ("The Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. consolidated for each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	Audit Procedures
<p>1- Valuation of investment properties</p> <p>Investment properties represents 91% of the Group's total assets as of 31 December 2022 (2021: 92%). Accordingly, it has been considered significant to our audit.</p> <p>The valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques, and that the valuation is highly judgmental, and it is based on certain key assumptions.</p> <p>The key assumptions include prevailing market conditions which affect adopted rental value per square meter, growth rates, discount rates and the current economic environment.</p> <p>A small change in the Group's estimates could result in an impairment loss which may have a material impact on the Group's profit.</p>	<p>Our audit procedures focused on the valuation process and included the following:</p> <ul style="list-style-type: none"> - Discussed with the management the key assumptions and critical judgmental areas and understood the approaches taken by them in determining the valuation of investment property. - Tested the integrity of information, including underlying financial information, cash flows and revenue. - Assessed the reasonableness of the adopted rental value per square meter, discount rate, and growth rates assumptions by benchmarking the rates against specific property data, comparables and prior year's inputs. - Assessed the adequacy of the Group's disclosure regarding investment properties. <p>Further disclosures related to the investment properties are disclosed in note (7) to the consolidated financial statements.</p>

Key Audit Matter	Audit Procedures
<p>2- Provision for expected credit losses, doubtful accounts and cheques under collection</p> <p>Trade receivables and cheques under collection represents 38% of the Group's current assets as of 31 December 2022 (31 December 2021: 46%). The Group recorded the Provision for expected credit losses, doubtful accounts and cheques under collection based on the management's judgement.</p> <p>Management evaluates the estimated Provision for expected credit losses based on specific reviews of customer accounts as well as experience with collection trends and historical default rates which is aligned to the requirements of IFRS (9).</p> <p>There is a risk that inappropriate expected credit loss provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions including the determination as to whether the trade receivables and cheques under collection are collectable.</p> <p>We focused on this area since it requires a high level of management judgment as the completeness of expected credit losses, doubtful accounts receivable and cheques under collection may have a significant impact on the Group's profit.</p>	<p>Our audit procedures focused on the following:</p> <p>We evaluated the design and operating effectiveness of the controls over the accounting process for the calculation of the expected credit loss provision.</p> <p>We evaluated management's assumption and judgment by checking the historical collection trends and history of default.</p> <p>In addition, we performed ratio analysis on the Group's Provision for expected credit losses and doubtful accounts during prior years</p> <p>We tested the aging of trade receivables and list of cheques under collections where no provision was recognized to check that there were no indicators of impairment.</p> <p>We selected a sample of the largest trade receivables and cheques under collection balances where a provision for expected credit loss was recognized and understood the rationale behind management's judgment.</p> <p>We assessed the adequacy of the Group's disclosure regarding Provision for expected credit losses and doubtful accounts.</p> <p>Further disclosure on the Group's trade receivables and Provision for expected credit losses, doubtful accounts and cheques under collection is disclosed in note (10) to the consolidated financial statements.</p>

Other information included in the Group's 2022 annual report.

Other information consists of the information included in The Group's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts, which are in agreement from all material aspects with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan
29 March 2023

ERNST & YOUNG
Amman - Jordan

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
Assets			
Non-Current Assets			
Property and equipment	6	11,178	16,515
Investment properties	7	115,779,588	118,948,924
Deferred tax assets	8	-	19,800
Cheques under collection-long term		176,410	125,341
Total Non-Current Assets		115,967,176	119,110,580
Current Assets			
Assets held for sale	9	135,966	135,966
Trade receivables and Cheques under collection	10	4,101,256	5,308,480
Other current assets	11	961,651	1,251,526
Cash on hand and at banks	12	5,584,220	4,763,576
Total Current Assets		10,783,093	11,459,548
Total Assets		126,750,269	130,570,128
Equity and Liabilities			
Equity			
Paid in capital	13	93,000,000	93,000,000
Statutory reserve	13	2,308,411	2,071,137
Retained earnings		11,130,629	9,160,129
Total Equity		106,439,040	104,231,266
Liabilities			
Non-Current Liabilities			
Syndicated loan-long term	14	14,597,546	19,254,346
Unearned revenue-long term		251,095	-
Tenants' refundable deposits		751,618	787,286
Total Non-Current Liabilities		15,600,259	20,041,632
Current Liabilities			
Syndicated loan-short term	14	-	1,164,200
Postdated cheques -short term		-	2,124
Trade payables and other current liabilities	15	1,099,576	1,181,939
Unearned revenue – short term		3,609,134	3,944,387
Due to a related party	19	2,260	4,580
Total Current Liabilities		4,710,970	6,297,230
Total Liabilities		20,311,229	26,338,862
Total Equity and Liabilities		126,750,269	130,570,128

The attached notes from 1 to 25 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY- PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
Rental revenues		10,999,007	11,473,633
Cost of revenues	16	(3,373,899)	(3,436,574)
Depreciation of investment properties	7	(3,223,883)	(3,215,968)
Gross profit		4,401,225	4,821,091
Depreciation of property and equipment	6	(7,016)	(8,915)
Finance cost		(1,318,292)	(1,388,402)
Administrative expenses	17	(721,376)	(797,673)
Provision for expected credit losses	10	(360,593)	(1,760,439)
Reversal of provision for expected credit losses	10	150,085	83,805
Other income		75,017	76,628
Interest income		153,694	115,464
Profit for the year before income tax		2,372,744	1,141,559
National contribution expense	8	(26,029)	(33,911)
Income tax expense	8	(138,941)	(184,819)
Profit for the year		2,207,774	922,829
Add: Other comprehensive income		-	-
Total comprehensive income for the year		2,207,774	922,829
		<u>JD/ Fils</u>	<u>JD/ Fils</u>
Earnings per share	18	0,024	0,010

The attached notes from 1 to 25 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid in capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
2022				
Balance as at 1 January 2022	93,000,000	2,071,137	9,160,129	104,231,266
Total comprehensive income for the year	-	-	2,207,774	2,207,774
Transfer to statutory reserve (Note 13)	-	237,274	(237,274)	-
Balance as at 31 December 2022	93,000,000	2,308,411	11,130,629	106,439,040
2021				
Balance as at 1 January 2021	93,000,000	1,956,981	8,351,456	103,308,437
Total comprehensive income for the year	-	-	922,829	922,829
Transfer to statutory reserve (Note 13)	-	114,156	(114,156)	-
Balance as at 31 December 2021	93,000,000	2,071,137	9,160,129	104,231,266

The attached notes from 1 to 25 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
<u>Operating Activities</u>			
Profit for the year before income tax		2,372,744	1,141,559
Adjustments:			
Depreciation of property and equipment	6	7,016	8,915
Depreciation of investment properties	7	3,223,883	3,215,968
Interest income		(153,694)	(115,464)
Finance cost		1,318,292	1,388,402
Provision for expected credit losses	10	360,593	1,760,439
Reversal of provision for expected credit losses	10	(150,085)	(83,805)
Changes in working capital items:			
Trade payables and other current liabilities		20,527	182,265
Trade receivables and Cheques under collection		945,647	(1,807,188)
Other current assets		289,875	(538,893)
Postdated cheques		(2,124)	(258,194)
Unearned revenues		(84,158)	(529,771)
National contribution expense paid	8	(38,622)	(25,955)
Taxes paid	8	(181,303)	(119,239)
Net cash flows from operating activities		<u>7,928,591</u>	<u>4,219,039</u>
<u>Investing Activities</u>			
Interest received		153,694	115,464
Purchases of property and equipment	6	(1,679)	(7,630)
Purchases of investment properties	7	(54,547)	(28,881)
Tenants' refundable deposits		(35,668)	3,152
Net cash flows from investing activities		<u>61,800</u>	<u>82,105</u>
<u>Financing Activities</u>			
Repayment of syndicated loan		(5,821,000)	(2,910,500)
Finance cost paid		(1,346,427)	(1,421,707)
Due to a related party		(2,320)	(34,030)
Net cash flows used in financing activities		<u>(7,169,747)</u>	<u>(4,366,237)</u>
Net increase (decrease) in cash and cash equivalents		820,644	(65,093)
Cash and cash equivalents at the beginning of the year		4,763,576	4,828,669
Cash and cash equivalents at the end of the year	12	<u><u>5,584,220</u></u>	<u><u>4,763,576</u></u>

The attached notes from 1 to 25 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022

(1) GENERAL

AL-Tajamouat for Touristic Projects Company was established during the year 1983 as a Public Shareholding Company. The Company's paid in capital was JD 100,000,000 divided into 100,000,000 at par value of JD 1 each.

On 26 August 2019, the General Assembly, in its extra-ordinary meeting, has approved the reduction of the authorized and paid in capital by JD 7,000,000 against the share discount, to become 93,000,000 shares at a par value of one Jordanian Dinar each. The capital reduction procedures were finalized with the Ministry of Trading, Industry and Supply and Amman Stock Exchange on 4 March 2020.

The Company's main activity is owning and operating "TAJ Lifestyle Center" in Abdoun area in Amman – Jordan.

The consolidated financial statements were approved by the Board of Directors on 28 March 2023.

(2-1) BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of AL-Tajamouat for Touristic Projects Company ("the Company") and the following wholly owned subsidiary as at 31 December 2022:

Subsidiary Name	Legal form	Country of incorporation	Ownership percentage	
			2022	2021
Al Taj Al Thahabi for Alternative Power Resources Projects*	Limited Liability Company	Jordan	100%	100%

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

- * Al Taj Al Thahabi for Alternative Power Resources Projects Limited Liability Company was established in Jordan on 25 February 2019 with an authorized paid in capital of JD 5,000. The subsidiary is fully owned by Al Tajamouat for Touristic Projects Company.

The main objective of the subsidiary is to invest in renewable energy projects, distribute, purchase, sell electricity mainly for the Group's own use.

The subsidiary has not operated since inception and up to the date of the consolidated financial statements.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the consolidated financial statements of the Group

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Group.

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

(4) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (If any). When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Depreciation is calculated on a straight line basis (except for land). Assets are not depreciated until such time as the relevant assets are completed and put into operational use. The depreciation rates are estimated according to the estimated useful lives of assets as follows:

	<u>%</u>
Computers	25
Furniture, fixture and decorations	10
Vehicles	15

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

costs to sell and their value in use. The impairment loss is recorded in the consolidated statement of income.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment properties

Investment properties are properties (land or building) held to earn rentals or for capital appreciation rather than land or building used for Group's operations or for administrative purposes or sale in the ordinary course of business.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated on a straight line basis. Investment properties are not depreciated until such time as the relevant assets are completed and put into use. The depreciation rates are estimated according to the estimated useful lives as follows:

	<u>%</u>
Construction works	2
Electromechanical works	4
Outdoor works	7
Furniture and fixture	15

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the investment properties are written down to their recoverable amount. The impairment loss is recorded in the consolidated statement of income.

Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income when the investment property is derecognized.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit losses. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash on hand and at banks

Cash on hand and at banks in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less, which are subject to an insignificant risk of changes in value, if original maturity of deposits exceeds three months, they are classified as short-term investments. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, as defined above, net of any amounts due to banks and restricted cash.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans

Loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any "discount or premium" on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Revenue recognition

The Group is in the business of operating "Taj Lifestyle Center", most of the Group's revenues are generated from rental revenues, payments from lessees are recorded as deferred revenues and are recognized when the rent period starts over the period of the contract.

Other revenues are recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount of current income tax are those that are enacted at the reporting date in the Hashemite Kingdom of Jordan.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or judgments and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the reporting date as issued by Central Bank of Jordan. Any gains or losses are taken to the consolidated statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are only offset and is reported in net in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a
- Liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is

used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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(5) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions. Any difference between the amounts actually paid in future periods and the amounts expected will be recognized in the consolidated statement of income.

The major estimates for the year 2022 are related to the valuation of investment properties in addition to the allowance for expected credit losses and doubtful accounts and cheques under collection.

(6) PROPERTY AND EQUIPMENT

	Computers	Furniture, fixture and decorations	Vehicles	Total
	JD	JD	JD	JD
2022				
Cost				
Balance at 1 January 2022	126,694	108,321	60,629	295,644
Additions	1,679	-	-	1,679
Balance at 31 December 2022	128,373	108,321	60,629	297,323
Accumulated depreciation				
Balance at 1 January 2022	115,033	103,471	60,625	279,129
Depreciation charge	4,907	2,109	-	7,016
Balance at 31 December 2022	119,940	105,580	60,625	286,145
Net book value at 31 December 2022	8,433	2,741	4	11,178
2021				
Cost				
Balance at 1 January 2021	119,064	108,321	60,629	288,014
Additions	7,630	-	-	7,630
Balance at 31 December 2021	126,694	108,321	60,629	295,644
Accumulated depreciation				
Balance at 1 January 2021	109,981	99,608	60,625	270,214
Depreciation charge	5,052	3,863	-	8,915
Balance at 31 December 2021	115,033	103,471	60,625	279,129
Net book value at 31 December 2021	11,661	4,850	4	16,515

Fully depreciated property and equipment still in use amounted to JD 270,345 as at 31 December 2022 (2021: JD 238,299).

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(7) INVESTMENT PROPERTIES

	Land	Construction	Electro- mechanical	Outdoor	Furniture and fixtures	Total
	JD	works JD	works JD	works JD	JD	JD
2022						
Cost						
Balance at 1 January 2022	31,703,645	80,506,685	36,135,155	2,239,014	672,134	151,256,633
Additions			16,880		37,667	54,547
Balance at 31 December 2022	<u>31,703,645</u>	<u>80,506,685</u>	<u>36,152,035</u>	<u>2,239,014</u>	<u>709,801</u>	<u>151,311,180</u>
Accumulated depreciation						
Balance at 1 January 2022	-	15,848,130	14,343,109	1,475,213	641,257	32,307,709
Depreciation charge	-	1,610,131	1,439,628	156,729	17,395	3,223,883
Balance at 31 December 2022	<u>-</u>	<u>17,458,261</u>	<u>15,782,737</u>	<u>1,631,942</u>	<u>658,652</u>	<u>35,531,592</u>
Net book value at 31 December 2022	<u>31,703,645</u>	<u>63,048,424</u>	<u>20,369,298</u>	<u>607,072</u>	<u>51,149</u>	<u>115,779,588</u>
2021						
Cost						
Balance at 1 January 2021	31,703,645	80,506,685	36,106,274	2,239,014	672,134	151,227,752
Additions	-	-	28,881	-	-	28,881
Balance at 31 December 2021	<u>31,703,645</u>	<u>80,506,685</u>	<u>36,135,155</u>	<u>2,239,014</u>	<u>672,134</u>	<u>151,256,633</u>
Accumulated depreciation						
Balance at 1 January 2021	-	14,237,999	12,905,049	1,318,484	630,209	29,091,741
Depreciation charge	-	1,610,131	1,438,060	156,729	11,048	3,215,968
Balance at 31 December 2021	<u>-</u>	<u>15,848,130</u>	<u>14,343,109</u>	<u>1,475,213</u>	<u>641,257</u>	<u>32,307,709</u>
Net book value at 31 December 2021	<u>31,703,645</u>	<u>64,658,555</u>	<u>21,792,046</u>	<u>763,801</u>	<u>30,877</u>	<u>118,948,924</u>

This item represents properties owned by the Group, which includes the commercial complex's land site and the mall building (Taj Lifestyle).

In the management's opinion, the fair value of the investments properties exceeds the book value as of December 31, 2022. The group's management estimated the fair value of investments properties using the discounted cash flow method, in addition to the assistance of a licensed and independent real estate expert who estimated the fair value of investments in properties using the comparative price in the market.

The investment properties including the mall (Taj Lifestyle) are pledged against the syndicated loan note (14).

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(8) INCOME TAX

The major components of income tax expense in the consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Income tax expense - current year	108,493	155,610
Income tax expense - prior years	10,648	9,409
Deferred income tax amortization	19,800	19,800
	<u>138,941</u>	<u>184,819</u>

The major components of the national contribution expense in the consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
National contribution expense current year	23,756	32,040
National contribution expense from previous year	2,273	1,871
	<u>26,029</u>	<u>33,911</u>

Income tax and national contribution provisions for the years ended 31 December 2022 and 2021 have been calculated in accordance with Income Tax Law No. (38) of 2018. Partial deduction of property tax paid was made to take into account the percentage of rental income to the total income of the Group in accordance to the provisions of paragraph (b) of Article 18 of the above law.

The following is a summary of the reconciliation between accounting profit and taxable profit:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accounting profit	2,372,744	1,141,559
Tax-exempted revenues	(1,149,062)	(344,761)
Tax-undeductible expenses	1,151,962	2,407,097
Taxable profit	<u>2,375,644</u>	<u>3,203,895</u>
Income tax rate	20%	20%
Income tax expense for the year	475,129	640,779
Less: Paid property tax	(366,636)	(485,169)
Income tax for the year	<u>108,493</u>	<u>155,610</u>

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(8) INCOME TAX (CONTINUED)

Movement on the income tax provision during the year is as follows:

	<u>2022</u> JD	<u>2021</u> JD
At 1 January	108,412	62,632
Income tax for the year	108,493	155,610
Income tax for prior years	10,648	9,409
Paid during the year	<u>(181,303)</u>	<u>(119,239)</u>
At 31 December (Note 15)	<u>46,250</u>	<u>108,412</u>

Movement on the National contribution provision during the year is as follows:

	<u>2022</u> JD	<u>2021</u> JD
At 1 January	23,533	15,577
National contribution tax for the year	23,756	32,040
National contribution tax for prior years	2,273	1,871
Paid during the year	<u>(38,622)</u>	<u>(25,955)</u>
At 31 December (Note 15)	<u>10,940</u>	<u>23,533</u>

The Group obtained a final clearance with the Income and Sales Tax Department until the year 2020.

The Group has submitted the income tax returns for the year 2021 in accordance with Jordanian Income Tax Law No. (38) of 2018 and they were not reviewed up to the date of the consolidated financial statements.

The Group obtained final clearance regarding sales tax from the Income and Sales Tax Department until 31 January 2021. The Group has submitted all the tax returns from 1 February 2021 to 31 December 2022 and they were not reviewed up to the date of the consolidated financial statements.

The movement of the deferred tax asset during the year was as follows:

	<u>2022</u> JD	<u>2021</u> JD
Beginning balance for the year	19,800	39,600
Amortized deferred tax assets	<u>(19,800)</u>	<u>(19,800)</u>
Deferred tax assets	<u>-</u>	<u>19,800</u>

The deferred tax assets for the year ended 31 December 2022 was calculated on accumulated losses approved by Income and Sales Tax Department using effective tax rate at 20% in accordance with the Income Tax Law No. (34) of 2014. The Group agreed with the Income and Sales Tax Department to amortize these losses over agreed annual amount up to the year 31 December 2022.

(9) ASSETS HELD FOR SALE

On 4 August 2020, the Group has acquired a plot of land, no. (110) parcel no. (30) located in Al-Salt, Jordan in accordance with the settlement agreement with one of the tenants, the Group obtained a valuation for the land from an independent real estate expert and has recorded it for its fair value amounted to JD 135,966, the Board of Directors approved the settlement agreement on 16 February 2020.

(10) TRADE RECEIVABLES AND CHEQUES UNDER COLLECTION

	2022	2021
	JD	JD
Trade receivables	4,006,022	7,682,131
Cheques under collection	5,029,375	3,447,505
Provision for expected credit losses *	(4,934,141)	(5,821,156)
	<u>4,101,256</u>	<u>5,308,480</u>

Trade receivables are non-interest bearing. The Group does not obtain collateral over trade receivables.

* The balance of the above provision includes a provision against cheques under collection amounted of JD 1,771,859 as at 31 December 2022 (2021: JD 1,195,644)

The movement of the provision for expected credit losses and doubtful debts is as follows:

	2022	2021
	JD	JD
Balance at 1 January	5,821,156	4,405,832
Additions	360,593	1,760,439
Written off during the year	(1,097,523)	(261,310)
Recovered during the year	(150,085)	(83,805)
Balances at 31 December	<u>4,934,141</u>	<u>5,821,156</u>

As at 31 December, the ageing of the trade receivables is as follows:

	Cheques under collection JD	1-30 days JD	31-90 days JD	91-180 days JD	181 – less than 365 days JD	Total JD
2022	3,257,516	118,382	373,149	255,743	96,466	4,101,256
2021	2,251,861	1,235,131	701,905	775,180	344,403	5,308,480

In the opinion of the management unimpaired receivables are expected to be fully recoverable.

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(11) OTHER CURRENT ASSETS

	<u>2022</u>	<u>2021</u>
	JD	JD
Advances to consultants and suppliers	329,515	463,760
Accrued revenues	320,549	289,847
Refundable deposits	216,554	218,618
Prepaid expenses	37,509	33,234
Cash Margins against bank guarantees (Note 20)	28,500	35,127
Advances to Income and Sales Tax Department	12,240	207,822
Income taxes and sales department guarantees	11,936	-
Staff receivables	4,438	2,708
Others	410	410
	<u>961,651</u>	<u>1,251,526</u>

(12) CASH ON HAND AND AT BANKS

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hand and at banks	694,072	172,738
Deposits at banks *	3,704,090	3,569,785
Cash in guarantee account**	<u>1,186,058</u>	<u>1,021,053</u>
	<u>5,584,220</u>	<u>4,763,576</u>

* This amount represents a monthly deposit with an annual interest rate 5.25% as of 31 December 2022 (31 December 2021: 3.2 %)

** This amount consists of cash receipts from the tenants of Taj Lifestyle which were deposited in a guarantee account for the benefit of the syndicated loan and the related operating expenses of the project, in accordance with the syndicated loan agreement.

(13) EQUITY

Paid-In capital

The authorized and paid-in capital was JD 100,000,000, divided into 100,000,000 shares at a par value of JD 1 each. On 26 August 2019, the General Assembly, in its extra-ordinary meeting, has approved the reduction of the authorized and paid in capital by JD 7,000,000 against the share discount, to become 93,000,000 shares at a par value of one Jordanian Dinar each. The capital reduction procedures were finalized with the Ministry of Trading, Industry and Supply and Amman Stock Exchange on 4 March 2020.

Statutory reserve

As required by the Jordanian Companies' Law, 10% of the Group's income before tax is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve reaches 25% of the issued share capital. The statutory reserve is not available for distribution to the shareholders.

(14) SYNDICATED LOAN

On 18 January 2010, the Group signed a JD 40,000,000 syndicated loan agreement managed by The Housing Bank for Trade and Finance. During September 2011 the Group raised an additional financing of JD 20,000,000 to reach JD 60,000,000 in total.

The mall (Taj Life Style) and landsite of the mall, which is located in Abdoun, were pledged as a collaterals against this loan. (Note 7)

The Group rescheduled the loan several times, the last of which was on 19 December 2019, where the date of the last payment was rescheduled to be November 2029, while the method of calculating interest remained the same where it is calculated using the weighted average prime lending rate of all lenders minus an annual margin of 1.97%. This percentage has been changed to be 2.72% from November 3 to December 31, 2022.

The quarterly installments amounted to JD 582,100, in addition to the interest are settled in February, May, August and November of each year.

During the year 2021, the group paid all due installments in addition to the two installments due in February and May of the year 2022 with a value of JD 1,164,200.

During the year 2022, the Group made ten payments amounted to 5,821,000 dinars as follows:

- During the first quarter of 2022, the Group paid the installment due in August 2022 amounting to 582,100 JD
- During the second quarter of 2022, the Group paid the installment due in November 2022 amounting to JD 582,100, in addition to paying the installments due in February, May and August of the year 2023, totaling JD 1,746,300.
- During the third quarter of 2022, the Group paid the installment due in November 2023 amounting to JD 582,100, in addition to paying the installments due in February and May of the year 2024, totaling JD 1,164,200.
- During the fourth quarter of 2022, the Group paid the installments due in August and November of the year 2024, amounting JD 1,164,200, and the next installment of the loan is due on February 3, 2025.

The loan agreement contains financial covenants related to the financial statements and others relating to borrowing rates. According to the loan agreement, the Group has to calculate these ratios and ensure compliance with them on an annual basis.

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(14) SYNDICATED LOAN (CONTINUED)

The allocation of the Group's loans as short term and long term is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Current	-	1,164,200
Non-current	<u>14,597,546</u>	<u>19,254,346</u>
	<u>14,597,546</u>	<u>20,418,546</u>

The annual repayments amounts for long-term loans that mature after more than one year are as follows:

	<u>JD</u>
1 January 2025 – 31 December 2025	2,328,400
1 January 2026 – 31 December 2026	2,328,400
1 January 2027 – 31 December 2027	2,328,400
1 January 2028 – 31 December 2028	2,328,400
1 January 2029 – 3 November 2029	<u>5,283,946</u>
	<u>14,597,546</u>

(15) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>2022</u>	<u>2021</u>
	JD	JD
Trade payables	559,617	315,284
Accrued interest	186,742	214,877
Accrued expenses	144,419	304,420
Sales tax payable	-	55,220
Shareholders payables	59,138	59,180
Income tax provision (note 8)	46,250	108,412
Provision for contingent liabilities	18,661	35,560
National contribution provision (note 8)	10,940	23,533
Others	<u>73,809</u>	<u>65,453</u>
	<u>1,099,576</u>	<u>1,181,939</u>

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(16) COST OF REVENUES

	<u>2022</u>	<u>2021</u>
	JD	JD
Property taxes	1,020,644	820,111
Salaries, wages and other benefits	429,140	439,157
Utilities	407,858	502,442
Cleaning	395,454	344,612
Maintenance and repairs	333,497	352,259
Security services	301,357	299,503
Marketing expenses	301,190	511,139
Property insurance	62,565	62,394
Social security	55,891	60,794
Overtime	25,028	23,552
Medical insurance	12,393	12,817
End of service indemnities	3,300	2,444
Others	25,582	5,350
	<u>3,373,899</u>	<u>3,436,574</u>

(17) ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries, wages and other benefits	337,688	306,743
Professional, legal and consulting fees	177,115	196,976
Social security	42,271	40,917
Governmental fees	37,587	57,708
Hospitality	19,354	7,502
Post and telephone	13,717	14,813
Medical insurance	10,210	9,653
Vehicles expenses	8,506	3,815
Stationery and printing	7,855	6,516
Overtime	6,397	7,173
Travel and accommodation	4,269	1,176
Advertising	576	214
End of service indemnity	-	48,000
Others	55,831	96,467
	<u>721,376</u>	<u>797,673</u>

(18) EARNINGS PER SHARE

	<u>2022</u>	<u>2021</u>
Profit for the year attributable to shareholders (JD)	2,207,774	922,829
Weighted average number of shares during the year (share)	<u>93,000,000</u>	<u>93,000,000</u>
Basic earnings per share for the year (JD/Fils)	<u>0,024</u>	<u>0,010</u>

No figure for diluted earnings per share has been calculated, as there no dilutive ordinary shares outstanding.

(19) RELATED PARTIES' BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Following is a summary of balances with related parties included in the consolidated statement of financial position:

	Nature of relationship	2022 JD	2021 JD
Due to a related party			
Bank Al- Khair	Ultimate parent	<u>2,260</u>	<u>4,580</u>

This account does not bear interest, not guaranteed and paid on demand.

Salaries and remunerations for key management

The total salaries and bonuses paid to executive management for the year ended 31 December 2022 amounted JD 102,512 (31 December 2021: JD 130,012).

(20) CONTINGENT LIABILITIES

Guarantees

The Group has issued letters of guarantee amounting to JD 179,600 (2021: JD 245,870) against cash margin amounted to JD 28,500 as of 31 December 2022 (2021: JD 35,127).

Legal claims

There are no cases against the group as at 31 December 2022 (2021: JD 21,975).

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, trade receivables, cheques under collection and other current assets. Financial liabilities consist of bank loans, trade payables, postdated cheques, Due to a related party and other current liabilities.

The fair values of financial instruments are not materially different from their carrying value.

(22) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits and syndicated loan.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant as of 31 December 2022 and 2021.

	<i>Change in interest rate (Point)</i>	<i>Effect on profit (loss) JD</i>
<u>2022</u>		
Currency JD	100	(108,935)
<u>2021</u>		
Currency JD	100	(168,487)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is not significantly exposed to credit risks as it seeks to limit its credit risk with respect to customers by setting credit limits for customers and continuously monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

Currency risk

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar exchange rate is fixed against the U.S. Dollar (US \$ 1.41 for JD 1).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or a damage to the Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities are available.

(22) RISK MANAGEMENT (CONTINUED)

Liquidity risk

The table below summarises the maturities of the Group's financial liabilities at 31 December 2022 and 2021, based on contractual undiscounted payment.

	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
2022 -					
Syndicated loan	288,436	865,306	13,702,089	5,632,560	20,488,391
Tenants' refundable deposits	-	-	-	751,618	751,618
Trade payables and other current liabilities	1,099,576	-	-	-	1,099,576
Due to a related party	2,260	-	-	-	2,260
Total	1,390,272	865,306	13,702,089	6,384,178	22,341,845
	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
2021 -					
Syndicated loan	331,591	2,149,522	16,099,609	8,336,633	26,917,355
Tenants' refundable deposits	-	-	-	787,286	787,286
Trade payables and other current liabilities	1,181,939	-	-	-	1,181,939
Post-dated cheques	2,124	-	-	-	2,124
Due to a related party	4,580	-	-	-	4,580
Total	1,520,234	2,149,522	16,099,609	9,123,919	28,893,284

(23) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2022 and 2021.

Capital comprises paid in capital, share discount, statutory reserve and retained earnings amounting to JD 106,439,040 as at 31 December 2022 (2021: JD 104,231,266).

(24) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

(24) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous

local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

(24) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies Amendments to IAS1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(25) COMPARATIVE FIGURES

Some of the consolidated financial statements figures for the year 2021 have been reclassified to match the classification of the consolidated financial statements figures for the year ending as at 31 December 2022. The reclassification did not result in any impact on the profit and equity for the year 2021